

Message Text

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ACTION EB-08

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E.O. 11652: N/A
TAGS: EAIR, IN
SUBJECT: CIVAIR: OPERATIONAL DIFFICULTIES OF AMERICAN
AIRLINES

1. DURING A RECENT MEETING WITH B.S. GIDWANI, DIRECTOR GENERAL OF CIVIL AVIATION, ECONOMIC COUNSELOR REVIEWED A NUMBER OF PENDING ISSUES AFFECTING PAN AMERICAN AND TWA.

2. NEW YORK-NEW DELHI EXCURSION FARE: IN JULY, RESERVE BANK OF INDIA APPROVED TWA'S RENEWED REQUEST FOR PERMISSION TO SELL TICKETS IN INDIA. TWA REP HAS HOPED TO BEGIN TICKET SALES IN EARLY OCTOBER. THIS STEP HAS LED TO RENEWED INTEREST IN THE PROBLEM CREATED BY THE CONDITIONS WHICH GOI HAS PLACED ON THE SALE OF NEW YORK-NEW DELHI EXCURSION FARE AIMED AT PREVENTING THIRD-COUNTRY AIRLINES FROM OFFERING FARE. MATTER HAS BEEN DORMANT SINCE EMBASSY'S EXCHANGE WITH DEPUTY DIRECTOR GENERAL OF CIVIL AVIATION SARKAR IN MID-1976 (SEE 76 NEW DELHI 8259). ECON COUNSELOR WROTE TO GIDWANI IN EARLY AUGUST RENEWING USG REQUEST FOR ELIMINATION OF RESTRICTIVE CONDITIONS.

3. IN RESPONSE TO ECON COUNSELOR'S ORAL QUERY, GIDWANI SAID TWA HAD CAUSED THE PROBLEM BY SUSPENDING ITS OPERATIONS IN
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INDIA. FARE WAS AVAILABLE ONLY TO AIRLINES OF THE TWO COUNTRIES ACTUALLY PROVIDING FLIGHT SERVICE BETWEEN THE TWO CITIES. HE HAD NO INTENTION OF PERMITTING TWA TO SELL EXCURSION FARE TICKETS TO PASSENGERS BOOKED ON THIRD COUNTRY AIRLINES FOR PART OF TRIP. AS GESTURE OF COMPROMISE, HE SAID TWA TICKETING OFFICES IN INDIA WOULD BE PERMITTED TO SELL SUCH TICKETS FOR TRAVELERS ROUTED ON PANAM OR AIR INDIA, WHO

WOULD THUS MEET CURRENT CONDITIONS. THIS WOULD PROVIDE TWA WITH NORMAL SALES COMMISSION AND WAS A PRIVILEGE NOT AVAILABLE TO OTHER AIRLINES.

4. NAVIGATION CHARGES: ALTHOUGH MEETING BETWEEN GOI AND IATA WORKING GROUP HAS BEEN POSTPONED FROM SEPTEMBER 13 TO OCTOBER OR NOVEMBER, ECON COUNSELOR TOOK OPPORTUNITY OF THIS CALL TO REAFFIRM U.S. INTEREST IN THIS PROBLEM AND URGE AN AMICABLE SOLUTION. GIDWANI REITERATED EARLIER POSITION THAT CHARGES CURRENTLY PROPOSED BY GOI CAME NOWHERE NEAR COVERING ACTUAL COST OF SERVICES PROVIDED. HE READILY ACKNOWLEDGED THAT IT WAS IMPORTANT TO AVOID DISRUPTIVE IMPACT ON AIRLINE OPERATIONS. HE ALSO REAFFIRMED THAT GOI INTENDED TO INTRODUCE GRADUAL BUT STEADY RATE OF INCREASE FOR THESE CHARGES--ABOUT TEN PERCENT A YEAR--TO COVER PRESUMPTIVE RISE IN COSTS DUE TO INFLATION.

5. DISCRIMINATORY FOREIGN EXCHANGE ALLOWANCES FOR FTS TRAVELERS. ECON COUNSELOR ASKED STATUS OF PROPOSAL TO ELIMINATE FAVORABLE TREATMENT FOR AIR INDIA WITH REGARD TO FOREIGN EXCHANGE ALLOWANCES FOR TRAVELERS. GIDWANI REPLIED HE WAS EMBARRASSED TO SAY ONCE AGAIN FINAL DECISION WAS IMMINENT. HE RECOGNIZED THAT HE HAD BEEN SAYING THAT FOR MANY MONTHS BUT NONETHELESS WAS CERTAIN THAT FINAL DECISION ON THIS POLICY CHANGE WOULD BE MADE VERY SHORTLY. HE EXPECTED THAT DECISION WOULD BE EVEN MORE LIBERAL NOW THAN IF IT HAD BEEN ISSUED LIMITED OFFICIAL USE

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EARLIER. CERTAINLY DISCRIMINATORY FEATURE IN FAVOR OF AIR INDIA WOULD BE REMOVED AND ALL AIRLINES TREATED EQUALLY. RIGHT TO TRAVEL AND ALLOWANCES TO FOREIGN EXCHANGE TRAVELERS WOULD BE LIBERALIZED IN OTHER WAYS AS WELL.

6. COMMENT: IT APPEARS FROM THE ABOVE THAT IMPACT ON TWA OF EXCURSION FARE CONDITIONS IS MOST PRESSING PROBLEM OF THE MOMENT. TWA REP HAS INFORMED EMBOFF THAT HE IS NOT INTERESTED IN ACTING AS SALES AGENT FOR PANAM OR AIR INDIA TRAVELERS. HIS HEADQUARTERS HAVE ALREADY REQUESTED FULL FILE ON THIS ISSUE, PRELIMINARY TO THEIR TAKING IT UP WITH CAB. THEY HAVE NOT YET GIVEN HIM FINAL AUTHORIZATION TO BEING TICKET SALES, HOWEVER, AND THEREFORE MIGHT NOT PURSUE EXCURSION FARE SALES QUESTION UNTIL AFTER THE COMPANY REACHES DECISION ON NATURE OF TWA OPERATIONS HERE. GOHEEN

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Sent Date: 09-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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